

## Message Text

LIMITED OFFICIAL USE

PAGE 01 DACCA 02862 111207Z

50

ACTION AID-05

INFO OCT-01 NEA-10 ISO-00 AGR-05 EB-07 CIAE-00 INR-07

NSAE-00 SP-02 COME-00 TRSE-00 OMB-01 L-03 IGA-01 /042 W

----- 129712

R 110832Z JUN 75

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 7056

LIMITED OFFICIAL USE DACCA 2862

E.O. 11652: N/A

TAGS: EAID, EAGR, BG

SUBJECT: BANGLADESH: REQUEST FOR FY 1976 PL 480, TITLE I PROGRAM

REF: (A) DACCA A-66; (B) DACCA 2348

1. THIS TELEGRAM OFFERS COUNTRY TEAM COMMENTS ON THE FOLLOWING ISSUES RAISED BY THE SUBJECT REQUEST: THE ESTIMATED LEVEL OF BDG FOODGRAIN IMPORT REQUIREMENTS; THE FOODGRAIN COMMODITY MIX; AND PL 480 COMMODITY PRIORITIES FOR BANGLADESH. WE RECOMMEND NO DOLLAR DOWN PAYMENT AND NO USUAL MARKETING REQUIREMENT.

2. FOODGRAIN IMPORT REQUIREMENTS. THE BDG, IN ITS MEMORANDUM FOR THE BANGLADESH AID GROUP AND IN ITS MAY 16 PL 480 REQUEST TO US, HAS PLACED ITS FY 76 FOODGRAIN IMPORT REQUIREMENTS AT 1.5 MILLION METRIC TONS (MMT) WITH THE PROVISIO "TO GUARD AGAINST ADVERSE WEATHER CONDITIONS" THE IMPORT REQUIREMENT FOR THE NEXT THREE YEARS IS SET AT 5 MMT. IN OUR VIEW, THE 1.5 MMT FIGURE FOR FY 76 IS LESS THAN THE ACTUAL AMOUNTS REQUIRED FOR DISTRIBUTION THROUGH THE RATION SYSTEM AND OTHER GOVERNMENT COMMITMENTS SUCH AS GRATUITOUS RELIEF. THE FIGURE IS PRESENTED AS BASED ON NATIONWIDE PRODUCTION, POPULATION, AND FOOD CONSUMPTION STATISTICS, ALL OF WHICH ARE EITHER UNRELIABLE OR UNKNOWN. WHAT IS AT ISSUE IS AMOUNT OF FOOD REQUIRED

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DACCA 02862 111207Z

FOR DISTRIBUTION TO SELECTED PORTIONS OF THE POPULATION

THROUGH THE RATION SYSTEM AND GRATUITOUS RELIEF WHICH HAS BEEN RUNNING AT ABOUT 2 MMT ANNUALLY. FYI - MINISTRY OF FOOD BITTERLY REFUTES MINISTRY OF AGRICULTURE CALCULATIONS CONTAINED IN TABLE 3, REF A. MINISTRY OF FOOD OFFICIALS CONTEND THAT THE MINIMUM IMPORT REQUIREMENT IS 2.0 MMT FOR FY 1976. CT AGREES WITH FOOD MINISTRY IF REALISTIC FOOD DISTRIBUTION COMMITMENTS AS FORECAST ON PAGE 10 OF REF A ARE TO BE MET. IN SHORT RUN, CONTINUED LARGE FOODGRAIN IMPORTS ARE ONLY PRACTICAL WAY TO MEET FOODGRAIN DISTRIBUTION REQUIREMENTS. INCREASED PRODUCTION BY SMALLER FARMERS SIMPLY RESULTD IN INCREASED CONSUMPTION IN RURAL AREAS AND DOMESTIC PROCUREMENT ONLY PUTS INTO GOVERNMENT HANDS SEASONALLY SURPLUS PADDY WHICH WOULD OTHERWISE ENTER OPEN MARKET AND FLOW TO CITIES. THE DOMESTIC PROCUREMENT FORECAST OF 350,000 MT MILLED RICE EQUIVALENT IS MUCH HIGHER THAN COUNTRY TEAM'S EXPERIENCE REGARDS AS POSSIBLE (S. AND D. TABLE, APPENDIX A, REF A).

3. FOODGRAIN COMMODITY MIX. WE RECOMMEND THAT US GIVE PRIORITY TO WHEAT AND SUPPLY RICE ONLY WHEN WHEAT NOT AVAILABLE UNDER PL 480. WHEAT IS LESS EXPENSIVE TO BUY AND MUCH LESS EXPENSIVE TO SHIP AND SHIPPING COSTS ARE AN IMMEDIATE FOREIGN EXCHANGE DRAIN FOR BDG. FURTHERMORE, WHEAT, WHICH IS SHIPPED IN BULK, CAN BE OFFLOADED AT CHITTAGONG AND CHALNA FAR MORE RAPIDLY AND EFFICIENTLY THAN RICE, WHICH IS BAGGED.

#### 4. PRIORITIES.

A. FOODGRAINS. FOODGRAINS, THAT IS WHEAT, IS APPROPRIATELY THE HIGHEST PRIORITY ITEM ON THE BANGLADESH REQUEST. WHATEVER THE DECISIONS CONCERNING OVERALL AID LEVELS, THE LEVEL (TONNAGE) OF FOODGRAINS, AND THE DOLLAR VALUE OF OUR FY 76 PL 480 PROGRAM, WE SHOULD NOT REDUCE THE FOODGRAIN PORTION TO MEET THE BDG REQUEST FOR OTHER COMMODITIES.

B. EDIBLE OIL. EXTREMELY SHORT SUPPLIES OF EDIBLE OIL IN FY 1975 SHOW THAT RATIONEES AND LOWER INCOME URBAN POPULATION CAN SURVIVE WITHOUT EDIBLE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 DACCA 02862 111207Z

OIL, ALBEIT ONLY AT COST OF A FURTHER DETERIORATION IN THE ALREADY INADEQUATE DIET. WITH DECLINE IN INTERNATIONAL EDIBLE OIL PRICES, WE EXPECT BDG WILL

PURCHASE COMMERCIALY ABOUT 20,000 MT TO 30,000 MT EDIBLE OIL (OR SEEDS AS OIL EQUIVALENT). WE ALSO EXPECT CONCESSIONAL IMPORTS OUTSIDE PL 480 TO REACH 15,000 MT AND FROM THESE TWO SOURCES BDGMWOULD RECEIVE

MORE THAN THEY DISTRIBUTED IN FY 1975. CT RECOMMENDS UP TO 40,000 MT OF SOYBEAN OIL WITH HALF TO ARRIVE IN SECOND HALF OF 1975 AND THE BALANCE IN THE FIRST HALF OF 1976. TOTAL ARRIVALS WULD ENABLE AN OFFTAKE FROM BDG STOCKS OF AROUND 4,000 MT MONTHLY AND ALSO ENABLE THE REFINER/VANASPATI INDUSTRY TO OPERATE, BUT STILL AT LEVELS WELL BELOW CAPACITY.

C. RAW COTTON. RAW COTTON SHOULD BE CONSIDERED ONLY AFTER FOODGRAIN AND EDIBLE OIL COMMITMENTS HAVE BEEN SATISFIED. BDG HAS BEEN PURCHASING COTTON COMMERCIALY AND SHOULD BE EXPECTED TO CONTINUE TO PURCHASE AT LEAST HALF OF THEIR ESTIMATED CONSUMPTION REQUIREMENTS FOR FY 1976. PL 480 FINANCING SHOULD B MADE AVAILABLE ONLY AFTER PROGRAMMING FOODGRAINS AND EDIBLE OIL. CT RECOMMENDS 160,000 BALES RAW COTTON WITH 60,000 BALES TO ARRIVE IN SECOND HALF OF 1975 AND BALANCE IN FIRST HALF OF 1976.

D. INEDIBLE TALLOW. WE UNDERSTAND THAT INEDIBLE TALLOW IS NOT ON THE PL 480 LIST AT THIS TIME. WHEN AND IF TALLOW IS PUT BACK ON THE LIST WE WOULD LIKE TO HAVE AN OPPORTUNITY TO ASSESS BANGLADESH REQUIREMENTS AT THAT TIME.  
BOSTER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN ASSISTANCE PROGRAMS, PL 480 TITLE 1  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975DACCA02862  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750203-0687  
**From:** DACCA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750658/aaaacalj.tel  
**Line Count:** 138  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION AID  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 DACCA A-66, 75 DACCA 2348  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** RowellE0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 AUG 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 AUG 2003 by ShawDG>; APPROVED <21 NOV 2003 by RowellE0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BANGLADESH: REQUEST FOR FY 1976 PL 480, TITLE I PROGRAM  
**TAGS:** EAID, EAGR, BG, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006